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RECORDATION NO 16698 FILED 1425 December 29, 1989

RECORDATION NO 16698 FILED 1425

BY HAND DEC 29 1989 -2 30 PM

DEC 29 1989 -2 30 PM
INTERSTATE COMMERCE COMMISSION

Noreta R. McGee
Secretary
Interstate Commerce Commission
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423

RECORDATION NO 16698-B FILED 1425

Dear Ms. McGee:

DEC 29 1989 -2 30 PM

Enclosed are the originals and one copy of certain documents, described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code. The documents to be recorded are: (1) an Equipment Lease Agreement, a primary document, dated as of December 15, 1989; (2) a Lease Supplement No. 1, a secondary document, dated as of December 29, 1989; (3) a Lease Assignment, a secondary document, dated as of December 15, 1989; (4) an Equipment Trust and Security Agreement, a primary document, dated as of December 15, 1989; and (5) an Equipment Trust and Security Agreement Supplement No. 1, a secondary document, dated as of December 29, 1989.

The names and addresses of the parties to the documents are as follows:

Equipment Lease Agreement and Lease Supplement No. 1

Owner-Trustee:

Wilmington Trust Company
Rodney Square North
Wilmington, DE 19890

Lessee:

Soo Line Railroad Company
Soo Line Railroad Building
105 South Fifth Street
Minneapolis, MN 55440

RECORDATION NO 16698-D FILED 1425

DEC 29 1989 -2 30 PM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO 16698-C FILED 1425

DEC 29 1989 -2 30 PM
INTERSTATE COMMERCE COMMISSION

Counterparts Janet X. Muggick

Noreta R. McGee
December 29, 1989
Page 2

Lease Assignment

Assignor:

Wilmington Trust Company
Rodney Square North
Wilmington, DE 19890

Assignee:

The Connecticut Bank & Trust Company,
National Association
One Constitutional Plaza
Hartford, Conn. 06115

Equipment Trust and Security Agreement and Equipment Trust
and Security Agreement Supplemental No. 1

Owner-Trustee:

Wilmington Trust Company
Rodney Square North
Wilmington, DE 19890

Security Trustee:

The Connecticut Bank and Trust Company,
National Association
One Constitutional Plaza
Hartford, Conn. 06115

A description of the equipment covered by this document
follows:

172 4,000 cubic feet open top hopper cars, bearing Soo
road numbers: SOO 61963 through 62127 (both inclusive); SOO
62129; SOO 62130; SOO 62150; SOO 62152; SOO 62153; SOO 62186; SOO
62283.

128 4,000 cubic feet open top hopper cars, bearing Soo
road numbers: SOO 62132 through 62149 (both inclusive); SOO
62151; SOO 62154; SOO 62155; SOO 62157 through 62165 (both
inclusive); SOO 62174 through 62185 (both inclusive); SOO 62187
through 62189 (both inclusive); SOO 62201 through 62203 (both
inclusive); SOO 62212 through 62257 (both inclusive); SOO 62264
through 62282 (both inclusive); SOO 62284 through 62298 (both
inclusive).

Noreta R. McGee
December 29, 1989
Page 3

A fee of \$30.00 is enclosed to cover these recordations. Please stamp and return to the messenger any documents not needed by the Commission for recordation, along with a stamped copy of this letter.

A short summary of the documents, to appear in the Commission's index, follows:

Equipment Lease Agreement:

Equipment Lease Agreement between Wilmington Trust Company, Rodney Square North, Wilmington, DE 19890 and Soo Line Railroad Company, Soo Line Railroad Building, 105 South Fifth Street, Minneapolis, MN 55440 dated as of December 15, 1989 and covering 172 4,000 cubic foot open top hopper cars, bearing Soo road numbers: SOO 61963 through 62127 (both inclusive); SOO 62129; SOO 62130; SOO 62150; SOO 62152; SOO 62153; SOO 62186; SOO 62283; and 128 4,000 cubic feet open top hopper cars, bearing Soo road numbers: SOO 62132 through 62149 (both inclusive); SOO 62151; SOO 62154; SOO 62155; SOO 62157 through 62165 (both inclusive); SOO 62174 through 62185 (both inclusive); SOO 62187 through 62189 (both inclusive); SOO 62201 through 62203 (both inclusive); SOO 62212 through 62257 (both inclusive); SOO 62264 through 62282 (both inclusive); SOO 62284 through 62298 (both inclusive).

Lease Supplement No. 1:

Lease Supplement No. 1 between Wilmington Trust Company, Rodney Square North, Wilmington, DE 19890 and Soo Line Railroad Company, Soo Line Railroad Building, 105 South Fifth Street, Minneapolis, MN 55440 dated as of December 29, 1989 and covering 172 4,000 cubic feet open top hopper cars, bearing Soo road numbers: SOO 61963 through 62127 (both inclusive); SOO 62129; SOO 62130; SOO 62150; SOO 62152; SOO 62153; SOO 62186; SOO 62283; and 128 4,000 cubic feet open top hopper cars, bearing Soo road numbers: SOO 62132 through 62149 (both inclusive); SOO 62151; SOO 62154; SOO 62155; SOO 62157 through 62165 (both inclusive); SOO 62174 through 62185 (both inclusive); SOO 62187 through 62189 (both inclusive); SOO 62201 through 62203 (both inclusive); SOO 62212 through 62257 (both inclusive); SOO 62264 through 62282 (both inclusive); SOO 62284 through 62298 (both inclusive).

Lease Assignment:

Lease Assignment between Wilmington Trust Company, Rodney Square North, Wilmington, DE 19890 and The Connecticut Bank & Trust Company, National Association, One Constitutional Plaza, Hartford, Connecticut 06115, dated as of December 15, 1989 and

Noreta R. McGee
December 29, 1989
Page 4

covering 172 4,000 cubic feet open top hopper cars, bearing Soo road numbers: SOO 61963 through 62127 (both inclusive); SOO 62129; SOO 62130; SOO 62150; SOO 62152; SOO 62153; SOO 62186; SOO 62283; and 128 4,000 cubic feet open top hopper cars, bearing Soo road numbers: SOO 62132 through 62149 (both inclusive); SOO 62151; SOO 62154; SOO 62155; SOO 62157 through 62165 (both inclusive); SOO 62174 through 62185 (both inclusive); SOO 62187 through 62189 (both inclusive); SOO 62201 through 62203 (both inclusive); SOO 62212 through 62257 (both inclusive); SOO 62264 through 62282 (both inclusive); SOO 62284 through 62298 (both inclusive).

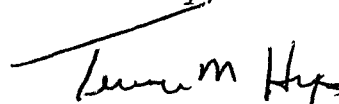
Equipment Trust and Security Agreement:

Equipment Trust and Security Agreement between Wilmington Trust Company, Rodney Square North, Wilmington, DE 19890 and The Connecticut Bank & Trust Company, National Association, One Constitutional Plaza, Hartford, Connecticut 06115, dated as of December 15, 1989 and covering Notes of the Owner-Trustee in an aggregate principal amount not to exceed \$9,765,000.

Equipment Trust and Security Agreement Supplement No. 1:

Equipment Trust and Security Agreement Supplement No. 1 between Wilmington Trust Company, Rodney Square North, Wilmington, DE 19890 and The Connecticut Bank & Trust Company, National Association, One Constitutional Plaza, Hartford, Connecticut 06115, dated as of December 29, 1989 and covering Notes of the Owner-Trustee in an aggregate principal amount not to exceed \$9,765,000.

Sincerely,


Terence M. Hynes

Interstate Commerce Commission

Washington, D.C. 20423

12/29/89

OFFICE OF THE SECRETARY

Terence M. Hynes
Sidley & Austin
1722 Eye Street, N. W.
Washington, D. C. 20006

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/29/89 at 2:30PM, and assigned recordation number(s). 16698, 16698-A, 16698-B, 16698-C and 16698-D

Sincerely yours,



Noreta R. McGee
Secretary

Enclosure(s)

RECORDATION NO 16638 FILED 1425
DEC 29 1989 -2 30 PM
INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE AGREEMENT

Dated as of December 15, 1989

Between

WILMINGTON TRUST COMPANY
As Trustee under Soo Line Trust No. 89-1

LESSOR

And

SOO LINE RAILROAD COMPANY

LESSEE

(Soo Line Trust No. 89-1)

300 100-ton 4000 cf Open-Top Hopper Cars

This Equipment Lease Agreement and the rentals and other sums due and to become due hereunder have been assigned to and are subject to a security interest in favor of The Connecticut Bank and Trust Company, National Association, as Security Trustee under an Equipment Trust and Security Agreement dated as of December 15, 1989 between said Security Trustee and the Owner-Trustee hereunder, as Debtor. Information concerning such security interest may be obtained from the Security Trustee at its address set forth in Section 20.1 of this Equipment Lease Agreement.

TABLE OF CONTENTS

<u>Section</u>	<u>Heading</u>	<u>Page</u>
Parties.....		1
Recitals.....		1
1.	Purchase of Equipment and Acceptance under Lease	1
1.1.	Purchase and Lease of Equipment.....	1
1.2.	Lease Supplement.....	1
2.	Rentals and Payment Dates	2
2.1.	Rent for Equipment	2
2.2.	Business Days	3
2.3.	Adjustment of Rentals	3
2.4.	Place and Manner of Rent Payment	4
2.5.	Net Lease	5
3.	Term of the Lease	5
4.	Ownership and Marking of Equipment	6
4.1.	Retention of Title	6
4.2.	Duty to Number and Mark Equipment	6
4.3.	Prohibition against Certain Designations	6
5.	Disclaimer of Warranties; Warranty Assignments	7
6.	Lessee's General Indemnity	8
7.	Rules, Laws and Regulations	10
8.	Use and Maintenance of Equipment	11
9.	Liens on the Equipment	12
10.	Filing	13
11.	Insurance; Payment for Casualty Occurrence.....	14
11.1.	Insurance	14
11.2.	Duty of Lessee to Notify Wilmington Trust Company	15
11.3.	Sum Payable for Casualty Loss	16
11.4.	Rent Termination	16
11.5.	Disposition of Equipment	16
11.6.	Casualty Value	17

11.7.	Risk of Loss	17
11.8.	Eminent Domain	17
12.	Equipment Reports	17
12.1.	Duty of Lessee to Furnish	17
12.2.	Owner-Trustee's Inspection Rights.....	18
13.	Return of the Equipment upon Expiration of Term.....	18
14.	Default	20
14.1.	Events of Default	20
14.2.	Remedies	21
14.3.	Cumulative Remedies.....	24
14.4.	Owner-Trustee's Failure to Exercise Rights.....	25
14.5.	Notice of Event of Default.....	25
15.	Return of Equipment upon Default	25
15.1.	Lessee's Duty to Return	25
15.2.	Specific Performance	26
15.3.	Owner-Trustee Appointed Lessee's Agent	26
16.	Assignments by Owner-Trustee	26
17.	Assignments by Lessee; Use and Possession	27
17.1.	Lessee's Rights to the Equipment; Sublease	27
17.2.	Use and Possession in Railroad Operations	28
17.3.	Merger, Consolidation or Acquisition of Lessee	28
18.	Options to Renew and Purchase	29
18.1.	Determination of Fair Market Value and Fair Rental Value	29
18.2.	Option to Purchase	30
18.3.	Option to Renew	30
18.4.	Casualty Value during Renewal Term	30
18.5.	Delivery of Equipment.....	30
19.	Interest on Overdue Rentals and Amount Paid by Owner-Trustee	30
20.	Miscellaneous	31
20.1.	Notices	31
20.2.	Right of Owner-Trustee to Perform	32
20.3.	No Waiver	33

20.4.	Execution in Counterparts	33
20.5.	Law Governing	33
20.6.	Currency.....	33
20.7.	Headings and Table of Contents	33
20.8.	Severability	33
20.9.	True Lease	34
20.10.	Limitations or Liability	34
Signature Pages		36

ATTACHMENTS TO EQUIPMENT LEASE:

Schedule A - Description of Items of Equipment
Schedule B - Pricing Assumptions
Exhibit A Lease Supplement No. 1
Exhibit B Lease Supplement No. 2
Annex 1 Definitions

EQUIPMENT LEASE AGREEMENT

THIS EQUIPMENT LEASE AGREEMENT dated as of December 15, 1989 is between WILMINGTON TRUST COMPANY, a Delaware banking corporation, not individually but solely in its capacity as trustee (the "Owner-Trustee") under Soo Line Trust No. 89-1, and SOO LINE RAILROAD COMPANY, a Minnesota corporation (the "Lessee").

R E C I T A L S

A. The Lessee has ordered the Items of Equipment from the Manufacturer. In the Participation Agreement the Lessee has assigned its right to acquire the Items of Equipment to the Owner-Trustee and has agreed, upon such acquisition, to lease such Items of Equipment from the Owner-Trustee pursuant to this Lease.

B. The capitalized terms used in this Lease shall have the respective meanings indicated in Annex I hereto unless elsewhere defined herein. Where any provision in this Lease refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

C. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Lease, this shall be done in accordance with generally accepted accounting principles at the time in effect, to the extent applicable, except where such principles are inconsistent with the requirements of this Lease.

SECTION 1. PURCHASE OF EQUIPMENT AND ACCEPTANCE UNDER LEASE.

1.1. Purchase and Lease of Equipment. The Owner-Trustee hereby agrees (subject to the satisfaction of the conditions set forth herein and in the Participation Agreement) to purchase the Equipment from the Manufacturer on not more than two Equipment Closing Dates and simultaneously lease the Equipment to the Lessee hereunder, and the Lessee hereby agrees to lease the Equipment from the Owner-Trustee hereunder, as evidenced by the execution by the Owner-Trustee and the Lessee of Lease Supplements.

1.2. Lease Supplement. On each Equipment Closing Date, the Lessee agrees that it will enter into a Lease Supplement with the Owner-Trustee substantially in the form attached as Exhibit A, which Lease Supplement shall describe the Items of Equipment then being acquired by the Owner-Trustee from the Manufacturer, set forth the Equipment Cost thereof, and shall state that each such Item of Equipment is free and clear of all liens or encumbrances,

and that the Lessee has unconditionally accepted such Items for the purposes of this Lease. The Lessee's execution and delivery of a Lease Supplement pursuant to this Section 1.2 shall conclusively establish that each Item of Equipment identified therein is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture or condition or in any other respect, and shall conclusively establish as between the Owner-Trustee and the Lessee that such Item of Equipment is in good order and condition and conforms to the specifications applicable thereto and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any, and to all standards recommended by the Association of American Railroads applicable to railroad equipment of the character of such Item of Equipment as of the date of delivery and acceptance by the Lessee hereunder. By execution and delivery of such Lease Supplement, the Lessee represents that it has no knowledge of any such defect.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rent for Equipment. The Lessee agrees to pay the Owner-Trustee the following rent for each Item of Equipment:

(a) Interim Rent. The Lessee shall pay Interim Rent ("Interim Rent") in a single installment due on June 28, 1990 (the "Base Term Commencement Date") in an amount equal to the interest accrued to but not including such date on all outstanding Notes. If and to the extent that the Security Trustee shall have received funds on the Base Term Commencement Date for the payment of any portion or all of the amounts then due on the Notes from the Trustor in accordance with Section 2.1(b) of the Participation Agreement, the Lessee shall not be required to pay on such date all or such portion of Interim Rent as has been paid on or before such date; provided, that the Lessee shall also pay to the Security Trustee, on demand, to the extent permitted by applicable law, interest at the Late Rate on any part of the Interim Rent not paid when due for the period from and including the due date thereof to but not including the date of payment thereof. The Lessee shall have the right to recover the amount, if any, of Interim Rent paid by it pursuant to this Section 2(a) on the terms and subject to the conditions set forth in Section 2.1(b) of the Participation Agreement.

(b) Fixed Rent. Rent (the "Fixed Rent") shall be payable for the Base Term in thirty (30) consecutive semiannual installments, payable in arrears on December 28, 1990 and on each Rent Payment Date

thereafter in the amounts set forth in a Lease Supplement between the Owner-Trustee and the Lessee substantially in the form attached as Exhibit B.

(c) Additional Rent. In addition to the foregoing rental, the Lessee agrees to pay to the Owner-Trustee, or to whomsoever shall be entitled thereto, any and all Additional Rent, promptly as the same shall become due and owing, and in the event of any failure on the part of the Lessee to pay any Additional Rent, the Owner-Trustee shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Fixed Rent.

2.2. Business Days. If any of the Rent Payment Dates is not a Business Day, the rent payment otherwise payable on such date shall be payable on the immediately preceding Business Day.

2.3. Adjustment of Rentals. The Lessee and the Owner-Trustee agree that the Fixed Rent payable hereunder and the Casualty Value percentages set forth in Exhibit B hereto have been calculated on the assumptions (the "Pricing Assumptions") set forth in Schedule B hereto. If any of the Pricing Assumptions shall prove to be incorrect, then the Lessee and the Owner-Trustee agree that the percentages for Fixed Rent and Casualty Value will be adjusted prior to the Base Term Commencement Date. Any such adjustment shall be made in such manner as will result, in the Trustor's reasonable judgment, in maintaining for the Trustor the same aggregate after-tax cash flow and net after-tax yield under the multiple investment sinking fund method of analysis that would have been realized by the Trustor over the entire term of this Lease had such event not occurred and the Pricing Assumptions proved correct (the "Net Economic Return") and any such adjustment shall minimize the present value (utilizing a discount rate of 10.00% per annum) of the Fixed Rent using the Pricing Assumptions.

Anything in this Section 2.3 or elsewhere in the Operative Agreements to the contrary notwithstanding, the amounts payable as installments of Interim Rent, Fixed Rent and Casualty Value hereunder, with respect to any Item of Equipment (i) shall in no event be less than the amounts necessary to discharge that portion of the principal of and/or interest on the Notes due and payable on each Rent Payment Date or Casualty Value payment date under this Lease, (ii) shall not be reduced below an amount which would cause the Trustor to lose the ability to account for this Lease and its investment in the Equipment using leveraged lease accounting, in accordance with Financial Accounting Standards Board Statement No. 13, and (iii) any adjustments required by this Section 2.3 shall be made in a manner (subject to the restrictions of the preceding clauses) consistent with the Guidelines and any other published or announced position of the Internal Revenue Service concerning true leases. The Trustor shall furnish the

Owner-Trustee, the Lessee, the Noteholders and the Security Trustee with revised Schedule B and Exhibit B hereto setting forth any adjustments required by the first paragraph of this Section 2.3 at least ten (10) Business Days prior to such revised schedules becoming effective. If Lessee requests, at Lessee's expense, such adjusted schedules shall be verified by a nationally recognized independent accounting firm selected by the Trustor, and the Trustor shall provide such materials to such accounting firm as it shall reasonably request to enable it to verify such Schedules.

2.4. Place and Manner of Rent Payment. The payments to be made by the Lessee under this Lease shall be made as follows:

(a) The installments of Interim Rent and Fixed Rent, the entire amount of any payments of Casualty Value or other payment pursuant to Section 11, any payment of the purchase price of the Equipment pursuant to Section 18, and any payment pursuant to Section 14, shall be paid to the Owner-Trustee by wire transfer to the principal office of the Owner-Trustee at the address thereof provided for payments in Section 20.1 hereof; provided that until the Lessee shall have received notice from the Security Trustee that all Secured Indebtedness has been paid and satisfied, the Lessee shall make such payment by wire transfer to the office of the Security Trustee designated in Section 20.1 hereof or as otherwise designated from time to time in writing by the Security Trustee;

(b) The amount of any payment owing to the Owner-Trustee or the Trustor pursuant to Section 6, shall be made directly to the party to receive the same by wire transfer as specified in the Operative Agreements or as instructed in writing by such party without regard to the assignment of this Lease pursuant to Section 16 hereof;

(c) The amount of any interest due in respect of the late payment of any rentals or other amounts pursuant to Section 19 hereof and any amounts advanced pursuant to Section 20.2 and any interest thereon shall be paid to the party and in the manner herein provided to receive said rental or other amount by wire transfer as specified in the Operative Agreements or as instructed in writing by such party; and

(d) All payments other than those above specified shall be made by the Lessee directly to the party to receive the same.

The Lessee agrees that it will make payments due hereunder by wire transfer, at the opening of business of the office of the transferring bank on the due date of such payment in federal or

otherwise immediately available funds to the party to whom such payment is to be made.

2.5. Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Interim Rent, Additional Rent and Fixed Rent and other amounts payable hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee shall not be entitled to any abatement of Rent or reduction thereof or setoff against Rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of the Lessee against the Owner-Trustee under this Lease or otherwise or against any assignee of the Owner-Trustee pursuant to Section 16 hereof; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Owner-Trustee or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of or requisitioning of the Equipment by condemnation or otherwise, the prohibition of Lessee's use of the Equipment other than by the Owner-Trustee's material breach of the Lessee's right of quiet enjoyment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Owner-Trustee to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Rent and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 or 15 hereof, the Equipment has been returned to the possession of the Owner-Trustee (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Owner-Trustee's possession until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed). To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items of Equipment except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Owner-Trustee or any assignee pursuant to Section 16 hereof for any reason whatsoever.

SECTION 3. TERM OF THE LEASE.

The interim term of this Lease (the "Interim Term") as to each Item of Equipment shall commence on the Equipment Closing Date thereof and shall terminate upon the commencement of the Base

Term. The base term of this Lease (the "Base Term") as to each Item of Equipment shall begin on the Base Term Commencement Date and shall terminate on June 28, 2005, subject to earlier termination pursuant to Sections 11 and 15. Subject and pursuant to the terms of Section 18 hereof, the Lessee may elect one Renewal Term.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1. Retention of Title. The Owner-Trustee, as between the Owner-Trustee and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and possession and use thereof by the Lessee.

4.2. Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with one of its road numbers as set forth in Schedule A hereto, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting colors upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"Ownership Subject to a Security Agreement Filed
with the Interstate Commerce Commission"

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Owner-Trustee to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. Except as provided hereinabove, the Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the road number of any Item of Equipment except in accordance with a statement of new road numbers to be substituted therefor, which statement previously shall have been delivered to the Owner-Trustee and the Trustor by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

4.3. Prohibition against Certain Designations. Except as above provided, the Lessee will not allow the name of any Person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by it or its affiliates of the same or a similar type for convenience of identification of the right of the Lessee or its affiliates to use the Equipment under this Lease.

SECTION 5. DISCLAIMER OF WARRANTIES; WARRANTY ASSIGNMENTS.

(a) THE LESSEE ACKNOWLEDGES AND AGREES THAT (i) THE EQUIPMENT AND EACH ITEM THEREOF IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY AND ACCEPTABLE TO THE LESSEE, (ii) THE LESSEE IS SATISFIED THAT THE EQUIPMENT AND EACH ITEM THEREOF IS SUITABLE FOR ITS PURPOSES, (iii) THE OWNER-TRUSTEE IS NOT A MANUFACTURER NOR A DEALER IN PROPERTY OF SUCH KIND, (iv) THE EQUIPMENT AND EACH ITEM THEREOF IS LEASED HEREUNDER SUBJECT TO ALL APPLICABLE LAWS AND GOVERNMENTAL REGULATIONS NOW IN EFFECT OR HEREAFTER ADOPTED AND IN THE STATE AND CONDITION OF EVERY PART THEREOF WHEN THE SAME FIRST BECAME SUBJECT TO THIS LEASE, WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND BY THE OWNER-TRUSTEE, AND (v) AS BETWEEN THE OWNER-TRUSTEE AND THE LESSEE, THE OWNER-TRUSTEE LEASES THE EQUIPMENT AND EACH ITEM THEREOF, AS-IS WITHOUT WARRANTY OR REPRESENTATION EITHER EXPRESS OR IMPLIED, AS TO (A) THE TITLE, CONDITION, FITNESS, DESIGN, OPERATION OR MERCHANTABILITY THEREOF, (B) THE OWNER-TRUSTEE'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF (EXCEPT THAT THE OWNER-TRUSTEE AGREES NOT TO WRONGFULLY INTERFERE WITH THE LESSEE'S QUIET ENJOYMENT THEREOF), or (D) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE OWNER-TRUSTEE AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. It is agreed that, as between the Indemnified Parties and the Lessee, all risks incident to the matters discussed in the preceding sentence are to be borne by the Lessee. The provisions of this Section 5 have been negotiated by the Owner-Trustee and the Lessee and are intended to be a complete exclusion and negation of any representations or warranties of the Indemnified Parties, express or implied, with respect to the Equipment or any Item thereof that may arise pursuant to any law now or hereafter in effect, or otherwise.

(b) Subject to the next following sentence, the Lessee hereby assigns to the Owner-Trustee all its rights with respect to the Equipment against the Manufacturer, including, without limitation, all claims under any indemnities or warranties, whether for condition of goods, patent or otherwise, and any other rights arising under any purchase orders or agreements pertaining to the Equipment. The Owner-Trustee hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Owner-Trustee and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Owner-Trustee may have as owner of the Equipment against the Manufacturer, provided, however, that if at any time a Default or Event of Default shall have occurred and be continuing, the Owner-Trustee may assert and enforce, at the Lessee's sole cost and expense, such claims and rights, and provided, further, that the Owner-Trustee has, at any time, the right, but not the obligation, to proceed on its own behalf against the Manufacturer.

(c) The Owner-Trustee shall have no responsibility or liability to the Lessee or any other Person with respect to any of the following (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment. The Lessee's delivery of the Lease Supplement shall be conclusive evidence as between the Lessee and the Owner-Trustee that all Items of Equipment described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Owner-Trustee based on any of the foregoing matters.

SECTION 6. LESSEE'S GENERAL INDEMNITY.

(a) The Lessee hereby agrees, whether or not any of the transactions contemplated hereby shall be consummated, to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless each Indemnified Party from and against any and all loss or damage to the Equipment, usual wear and tear excepted, and any and all liabilities, obligations, losses, damages, penalties, claims (including claims by any employee of the Lessee or any of its contractors), actions, suits and related costs, expenses and disbursements, including reasonable legal fees and expenses, of whatsoever kind and nature (for purposes of this Section 6 collectively called "Expenses"), imposed on, asserted against or incurred by any Indemnified Party, in any way relating to or arising out of (i) this Lease and the other Operative Agreements, including the Notes or the offering of sale thereof, (ii) the construction, installation, ownership, delivery, lease, possession, use, operation or condition of the Equipment or any Item or part thereof, (including, without limitation, latent and other defects, whether or not discoverable by the Indemnified Party or the Lessee, and any claim for patent, trademark or copyright infringement and any claim arising under the strict liability doctrine in tort), or (iii) the sale or other disposition of the Equipment or any Item thereof pursuant to Section 11, 14 or 18, except only that the Lessee shall not be required to indemnify any Indemnified Party pursuant to this Section 6 for (A) any Taxes (as defined in Section 7.2 of the Participation Agreement), it being agreed that the indemnity for Taxes is intended to be provided by Section 7.2 of the Participation Agreement, (B) Expenses resulting from the willful misconduct, gross negligence or material default in the performance by such Indemnified Party under any Operative

Agreement, (C) transaction costs to be paid by such Indemnified Party pursuant to Section 2.6 of the Participation Agreement, and (D) Expenses resulting from Liens that are required to be discharged by the Wilmington Trust Company or the Trustor pursuant to Section 8 of the Participation Agreement. Except to the extent fairly attributable to the failure of the Lessee fully to discharge its obligations under this Lease, the indemnities contained in this Section 6 with respect to the matters described in clauses (i) and (ii) above shall apply only to acts (or failures to act) or events or conditions which exist or existed on or prior to, or Expenses fairly attributable to the period prior to, the termination of this Lease, or which arise in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Section 13 or 15, as the case may be. If any Indemnified Party shall have knowledge of any claim or liability hereby indemnified against, it shall give prompt written notice thereof to the Lessee; provided, however, that the failure of such Indemnified Party to give such notice shall not relieve the Lessee of any of its obligations hereunder. The Lessee may, at its expense, in good faith and by appropriate legal proceedings, contest or defend an asserted claim or liability for which it is indemnifying under this Section 6 so long as, in the reasonable opinion of the Indemnified Party, such defense is being diligently conducted.

(b) All amounts payable by the Lessee pursuant to this Section shall be payable directly to the parties entitled to indemnification. All the indemnities contained in this Section 6 shall continue in full force and effect notwithstanding the expiration or other termination of this Lease and are expressly made for the benefit of, and shall be enforceable by each Indemnified Party. The Lessee's obligations under this Section 6 shall be that of primary obligor irrespective of whether the Indemnified Party shall also be indemnified with respect to the same matter under any other agreement by any other Person.

(c) The indemnities and assumptions of liabilities set forth in this Section do not guarantee a residual value of the Equipment or any Item thereof, or guarantee the payment of the Notes.

(d) Upon the payment in full of any indemnities as contained in this Section 6 by the Lessee, and provided that no Default or Event of Default shall have occurred and be continuing, the Lessee shall be subrogated to any right of such Indemnified Party (except where the Lessee is also indemnifying a person against whom the Indemnified Party has rights in respect of the matter against which indemnity has been given). Any payments received by such Indemnified Party from any Person (except the Lessee) as a result of any matter with respect to which such Indemnified Party has been paid in full pursuant to the indemnity provided for by the Lessee pursuant to this Section 6 shall be

paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made to such Indemnified Party; provided that (i) such sum shall not be payable before such time as the Lessee shall have made all payments (including indemnity payments pursuant to this Section 6) then due pursuant to any of the Operative Agreements and (ii) no Default or Event of Default shall have occurred and be continuing.

SECTION 7. RULES, LAWS AND REGULATIONS.

(a) Subject to the provisions of Sections 7(b) below, the Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission and, to the extent applicable, the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads as the same may be in effect from time to time) (the "Interchange Rules") with respect to the use and maintenance of each Item of Equipment subject to this Lease. Subject to the provisions of Sections 7(b) and (c) below, in case any equipment or appliance is required to be altered, added, replaced or modified on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense and title thereto shall be immediately vested in the Owner-Trustee; provided, however, that Lessee may, in good faith and by appropriate legal proceedings, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not in the opinion of the Owner-Trustee and the Security Trustee adversely affect the property rights, or interests of the Owner-Trustee and the Security Trustee in the Equipment or hereunder.

(b) The foregoing provisions of Section 7(a) to the contrary notwithstanding, the Lessee shall not be obligated to comply with any requirement of this Section which would not otherwise be applicable to any Item of Equipment except as a result of (i) the transfer of ownership thereof by the Owner-Trustee unless a Default or Event of Default shall have occurred and be continuing hereunder, or (ii) a change in the reporting marks on such Item by the Owner-Trustee upon the expiration or termination of this Lease except as the result of an Event of Default.

(c) In the event compliance by the Lessee with any of the obligations contained in the second sentence of Section 7(a) above with respect to any Item or Items of Equipment which is the result of a change in any law, regulation, requirement or rule referred to therein or a change in the official interpretation thereof shall, in the reasonable opinion of the Lessee, impose an

economic burden on the Lessee which would not be commercially prudent to incur, the Lessee may notify the Owner-Trustee, the Security Trustee and each Participant to such effect and shall declare such Item or Items to have suffered a Casualty Occurrence. On the next following Rent Payment Date the Lessee shall pay the Casualty Value, plus the prepayment premium required by Section 5.4 of the Security Agreement, therefor and otherwise comply with the provisions of Sections 11.3 and 11.5.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

(a) The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall at no time assign, or permit any sublessee to assign any Item of Equipment for the transport or storage of hazardous (as determined by CFR Title 49 "Hazardous Materials Regulation") substances or materials, or substances or materials which are more corrosive than coal. The Lessee agrees that it will not discriminate against any Item of Equipment (as compared to other similar equipment owned or leased by Lessee) with respect to its use, operation or maintenance in contemplation of the expiration or termination of this Lease.

(b) Subject to the provisions of Section 8(d) below, the Lessee shall, at its own cost and expense, (i) maintain and keep the Equipment, each Item thereof, and the component parts thereof in good order and repair, and (ii) limit perforation from corrosion, erosion or other damage, in each case to a standard at least equal to and no less thorough and complete than required by the standard and frequency of maintenance performed on other similar equipment owned or leased by the Lessee. In any event the Lessee agrees, at its own cost and expense, to maintain and keep the Equipment in the condition received by the Lessee from the Owner-Trustee, ordinary wear and tear excepted, and suitable for use as originally designed and intended in interchange service in accordance with applicable Interchange Rules. The Lessee shall maintain all records, logs and other materials required by the Association of American Railroads, the Department of Transportation or any other governmental authority having jurisdiction over the Equipment or the Lessee to be maintained in respect of the Equipment.

(c) Except as otherwise required by the provisions of Section 7 hereof and except as permitted pursuant to the third sentence of this paragraph, the Lessee shall not modify any Item of Equipment unless (i) such modifications, additions or improvements shall comply with all of the requirements set forth in Rev. Proc. 79-48 (and any rule, regulation or pronouncement of the Internal Revenue Service amending, supplementing, modifying or replacing Rev. Proc. 79-48) for advance ruling purposes (and

Lessee agrees to provide upon Owner-Trustee's request reasonable evidence of such compliance), and (ii) the Lessee shall have obtained the prior written authority and approval of the Owner-Trustee and any assignee pursuant to Section 16 hereof. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 7 hereof or pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 8 or which meet the requirements of clause (i) of the preceding sentence (except for severable improvements permitted by Rev. Proc. 79-48) shall in each case be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Owner-Trustee without cost or expense to the Owner-Trustee. The Lessee shall make no other additions or improvements to any Item of Equipment unless the same are readily removable without causing material damage to such Item of Equipment. Title to any such readily removable additions or improvements shall remain with the Lessee. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to any Item of Equipment the Lessee may, or at the request of the Owner-Trustee, the Lessee shall, prior to the return of such Item of Equipment to the Owner-Trustee hereunder, remove the same at its own expense without causing material damage to such Item of Equipment; provided that the Owner-Trustee may, by delivery of written notice to the Lessee prior to any such removal, elect to purchase any such readily removable additions for a price equal to the Fair Market Value thereof. Title to any readily removable addition or improvement which has not been so removed by the Lessee from an Item of Equipment when such Item is returned to the Owner-Trustee pursuant to this Lease shall thereupon be vested in the Owner-Trustee.

(d) The foregoing provisions of Section 8(b) to the contrary notwithstanding, the Lessee shall not be obligated to comply with any requirement contained in the first sentence of said Section which is made applicable to an Item of Equipment solely as a result of (i) the transfer of ownership thereof by the Owner-Trustee unless a Default or Event of Default shall have occurred and be continuing hereunder, or (ii) a change in the reporting marks on such Item by the Owner-Trustee upon the expiration or termination of this Lease except as the result of an Event of Default.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any Item of the Equipment, title thereto or any interest therein except Permitted Encumbrances and Liens which result from the Owner-Trustee's own acts or from claims against the Owner-Trustee not to be paid or indemnified against by the Lessee hereunder.

The Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge any such Lien (and any claim which if unpaid might constitute or become such a Lien) not excepted above if the same shall arise at any time with respect to any Item of the Equipment, but the Lessee shall not be required to pay or discharge any such Lien so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Owner-Trustee, the Trustor or the security interest or other rights of any assignee under Section 16 hereof in and to the Equipment and as to which such Lien the Lessee, if appropriate under generally accepted accounting principles, shall have set aside on its books and records adequate reserves.

SECTION 10. FILING.

Prior to the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will cause this Lease and the Security Agreement to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303, and will file, register or record this Lease and the Security Agreement, and all financing and continuation statements and similar instruments, in such other places within or without the United States as the Owner-Trustee or the Security Trustee may reasonably request and will furnish the Owner-Trustee and the Security Trustee proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, re-register or re-record whenever required) any and all amendments or supplements to this Lease or to the Security Agreement, any financing statements or similar instruments, and any and all further instruments required by law or reasonably requested by the Owner-Trustee or the Security Trustee, for the purpose of protecting the Owner-Trustee's title to, or the Security Trustee's interest in, any Item of Equipment to the satisfaction of the Owner-Trustee's or the Security Trustee's counsel or for the purpose of carrying out the intention of this Lease, including, without limitation, any such filings and recordings as shall be necessary to evidence any change in name of the Lessee or the Owner-Trustee, or any merger or consolidation thereof. Except as provided in Section 2.6 of the Participation Agreement, the Lessee will pay all costs, charges and expenses incident to any such filing, refile, recording and re-recording or depositing and redepositing of any such instruments or incident to the taking of such action.

Without limiting the generality of the foregoing, within twenty (20) days following the first Equipment Closing Date, the Lessee at its own expense, will (i) cause this Lease and the Security Agreement to be deposited with the Registrar General of

Canada (notice of such deposit to be forthwith given in The Canada Gazette) pursuant to Section 86 of the Railway Act of Canada and (ii) provide the Security Trustee and the Owner-Trustee with a favorable opinion of Canadian counsel reasonably acceptable to each, addressed to them, covering such matters as they shall reasonably request including, without limitation, compliance with the Railway Act of Canada, protection of the Owner-Trustee's interest in the Equipment and maintenance and perfection of the Security Trustee's first security interest in the Lease and the Equipment.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1. Insurance. (a) Lessee will at all times after delivery and acceptance of each Item of Equipment, at its own expense, carry and maintain or cause to be carried and maintained (i) property insurance with respect to each such Item and (ii) comprehensive public liability insurance with respect to third party personal, bodily injury including death, property damage, liability, including contractual liability and cross liability, in each case with such deductibles, in such amounts, against such risks, in such form, with such insurance companies of recognized responsibility and with such self-insurance, in each case as is consistent with prudent railroad industry practice, and in any event, in amounts not less than and against such risks so as to be no less protective than the insurance, if any, maintained by Lessee with respect to similar equipment which it owns or leases and to the extent commercially available and consistent with such practice, meeting the requirements of clauses (i) through (v) of paragraph (b) of this Section 11.1.

(b) To the extent that Lessee's insurance policies maintained pursuant to this Section 11.1 from time to time so permit, such insurance policies shall (i) name and insure each Participant, the Owner-Trustee (in its individual and trust capacities) and the Security Trustee as additional insureds under the comprehensive public liability insurance and under the property insurance, shall insure the Owner-Trustee (or the Security Trustee if the Security Agreement remains in effect) as loss payee, (ii) provide insurer's waiver of subrogation of any right against Owner-Trustee Security Trustee and any Participant, (iii) provide that such insurance as to the interest of the Owner-Trustee, Security Trustee and any Participant shall not be invalidated by any act or neglect, action or inaction of Lessee or any other person (other than each Participant, the Owner-Trustee and the Security Trustee), (iv) provide that all such insurance is primary without right of contribution from any other insurance which might otherwise be available to the insured party, and (v) provide therein or by endorsement that thirty days prior written notice of expiration, cancellation or modification shall be given to each Participant, the Security Trustee and the Owner-Trustee. Lessee shall furnish the Owner-Trustee, each Participant and the

Security Trustee with certificates or other satisfactory evidence of maintenance of the insurance so required and shall furnish certificates or binders evidencing renewals thereof as soon as practicable but in no event later than ten (10) Business Days after such renewal is effected or the expiration date of the original policy or policies.

(c) The proceeds of any property insurance received by the Lessor, the Owner-Trustee or the Security Trustee will be paid to the Lessee either (i) upon a written application signed by the Lessee to reimburse the Lessee for payment of the costs of repairing, restoring, or replacing the item of Equipment which has been lost, damaged or destroyed (which application shall be accompanied by satisfactory evidence of such cost and the completion of such repair, restoration or replacement) or (ii) if this Lease is terminated with respect to such Item of Equipment because of the total destruction thereof, promptly upon payment by the Lessee of the Casualty Value; provided that, if the Lessee is at the time of the application in default in the payment of any other liability of the Lessee to the Lessor hereunder, such proceeds may be applied against such liability.

11.2. Duty of Lessee to Notify Owner-Trustee. In the event that during the term of this Lease, or thereafter while any Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof (i) any Item of Equipment shall be or become lost or stolen for more than thirty (30) days, (ii) any Item of Equipment shall be or become destroyed, (iii) any Item of Equipment shall be or become in the reasonable opinion of the Lessee, irreparably damaged or damaged beyond economical repair, from any cause whatsoever, (iv) any Item of Equipment shall be or become in the reasonable opinion of the Lessee, worn out, unless caused by Lessee's failure to maintain and return such Item as herein required, (v) title to any Item of Equipment shall be requisitioned or taken by any governmental authority under the power of eminent domain or otherwise, (vi) the use of any Item of Equipment shall be requisitioned or taken for a stated period or such use has continued for a period in excess of the lesser of the then remaining term of the Lease or, in the case of a requisition or taking by a United States governmental authority, two (2) years, or any other governmental authority, six (6) months, (vii) any Item of Equipment shall have been returned permanently to the Manufacturer pursuant to any applicable patent indemnity or a material breach of a Manufacturer's warranty, (viii) the use of any Item of Equipment in the normal course of interstate rail transportation shall have been prohibited as a result of any rule, regulation, order or other action by a United States governmental authority for a continuous period in excess of six (6) months, (ix) the Lessee is unable to return any Item of Equipment at the end of the term of the Lease because such Item has been requisitioned or taken by any governmental authority, or (x) any Item of Equipment is appropriately declared by the Lessee to have

suffered a Casualty Occurrence under the provisions of Section 7(c) (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully and in any event within thirty (30) days after it has knowledge of such Casualty Occurrence inform the Owner-Trustee and any assignee thereof pursuant to Section 16 hereof in regard thereto (including, without limitation, the Security Trustee) and shall pay the Casualty Value of such Item in accordance with the terms of Section 11.3 hereof.

11.3. Sum Payable for Casualty Loss. The Lessee, on the Base Term Commencement Date or next succeeding Rent Payment Date or the last day of any storage period pursuant to Section 13 hereof, as the case may be, following its notice to the Owner-Trustee and any assignee thereof that a Casualty Occurrence has taken place with respect to any Item of Equipment, shall pay to the Owner-Trustee (i) any Rent or other sum due on or prior to such date then remaining unpaid, and (ii) a sum equal to the Casualty Value of such Item of Equipment as of the date of such payment.

11.4. Rent Termination. Upon (and not until) payment of all sums required to be paid pursuant to Section 11.3 hereof in respect of any Item or Items of Equipment, the obligation to pay Rent for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay Rent for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Owner-Trustee, dispose of any Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so in the manner the Lessee would, in a similar circumstance, dispose of other similar equipment owned by it, giving due consideration both to maximizing the proceeds therefrom and to the Lessee's reasonable operating requirements. Any such disposition shall be on an "as is", "where is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, so long as no Default or Event of Default hereunder shall have occurred and be continuing and the Lessee shall have paid the Casualty Value thereof as herein provided, the Lessee may retain all amounts arising from such disposition plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence up to but not exceeding such Casualty Value, and the balance of all such proceeds from whatever source (other than, so long as no Default or Event of Default shall then have occurred and be continuing, proceeds of insurance maintained by Lessee) shall be for the account of and paid immediately to the Owner-Trustee. In disposing of such Item of Equipment, the Lessee shall take such action as the Owner-Trustee shall reasonably request to terminate any contingent liability which the Owner-Trustee might have arising after such disposition from or connected with such Item of Equipment.

11.6. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is to be paid as provided in this Section 11 (and not the date of the Casualty Occurrence). Casualty Value for each Item shall be equal to that percentage of the Equipment Cost thereof set forth in Schedule C hereto (as any such Schedule may be modified pursuant to Section 2.3 hereof).

11.7. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until payment of the Casualty Value and all rental installments and other sums due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Owner-Trustee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Eminent Domain. In the event that during the term of the Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period which has not yet become a Casualty Occurrence or for a stated period which does not constitute a Casualty Occurrence, the Lessee's obligation to pay all installments of Rent and other sums shall continue for the duration of such requisitioning or taking unless and until the same shall become a Casualty Occurrence. So long as no Default or Event of Default shall have occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

SECTION 12. EQUIPMENT REPORTS.

12.1. Duty of Lessee to Furnish. On or before May 1, 1991, and on each May 1 thereafter, the Lessee will furnish to the Owner-Trustee, the Trustor and any assignee of the Owner-Trustee pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Noteholders) an accurate statement, as of the preceding December 31 (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the twelve (12) months ending on such December 31 (or since the date of this Lease, in the case of the first such statement), describing the insurance which is in force with respect to the Equipment and such other information regarding the condition or repair of the Equipment as

the Owner-Trustee may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

12.2. Owner-Trustee's Inspection Rights. Without limiting the inspection rights permitted in Section 5 of the Participation Agreement, the Owner-Trustee, the Trustor, any assignee of the Owner-Trustee pursuant to Section 16 hereof (including, without limitation, the Security Trustee) and the Noteholders each shall have the right, but not the obligation, at their respective sole cost, expense and risk except as provided below, by their respective authorized representatives, to inspect the Equipment and the Lessee's records with respect thereto, at such time as shall be reasonably necessary to confirm the existence and proper maintenance of the Equipment during the continuance of this Lease provided, however, that the Lessee shall not be liable, except in the case of gross negligence or willful misconduct of the Lessee or of its employees or agents, for any injury to, or the death of, any Person exercising, either on behalf of the Owner-Trustee, the Trustor and any assignee of the Owner-Trustee pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Noteholders) or any prospective purchaser, the rights of inspection granted under this Section 12.2, and the Lessee may require any such employee or agent, prior to entering its premises for such purposes, to execute a release limiting Lessee's liability as aforesaid.

SECTION 13. RETURN OF THE EQUIPMENT UPON EXPIRATION OF TERM.

(a) Upon the expiration of the Term of this Lease with respect to the Items of Equipment then subject to this Lease, the Lessee will, at its own risk and expense, at such storage locations on the Lessee's lines as the Lessee and the Owner-Trustee shall mutually agree, deliver possession of such Items of Equipment to the Owner-Trustee, and permit the Owner-Trustee, at the Lessee's risk and expense, to store such Items of Equipment at such locations for a period not exceeding 90 days and promptly transport the same at any time once to any railroad interchange point on the Lessee's lines as directed by the Owner-Trustee by written notice to the Lessee delivered to the Lessee on or prior to the expiration of such 90-day period. All movement and storage of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Owner-Trustee or any Person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any such Item, to inspect the same, subject to the provisions of Section 12.2 hereof.

(b) Upon the return of the Equipment, Lessee shall at its own cost and expense have taken all necessary action to assure

that each Item of Equipment shall be in the condition required by Section 7 and 8 hereof, with no broken or missing parts, and Lessee agrees that it will cooperate with the Owner-Trustee and otherwise take such action, and execute, or cooperate in the obtaining of execution of, such certificates or other documentation as shall be required by the Association of American Railroads or its successor to assure that each Item of Equipment shall then be permitted to enter or continue in interchange service. Lessee shall promptly upon demand pay such reasonable cost as shall be required to restore any Item of Equipment to the aforesaid redelivery condition, including the reimbursement of the Owner-Trustee of any such cost it shall incur to effect such restoration. The Owner-Trustee agrees, if requested by the Lessee in writing, that a representative of either the Owner-Trustee or the Trustor will perform jointly with the Lessee an inspection of the Equipment, or an appropriate representative sampling thereof, to insure compliance with the provisions of this Section 13 at such time and location and following such inspection standards as shall be mutually agreeable to the Owner-Trustee and the Lessee. Upon such redelivery of an Item of Equipment, the Lessee agrees to provide to the Owner-Trustee originals or legible facsimile copies of all available manuals, drawings, diagrams, records, logs and other materials and available inspection, modification, overhaul and maintenance records applicable thereto; provided that Lessee agrees to maintain all such materials in the same manner as it maintains the same for similar owned equipment. During any storage period hereunder, the Lessee will, at its expense, effect and maintain insurance on the Equipment pursuant to Section 11.

(c) The assembling, delivery in the required condition, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Owner-Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver in the required condition, store and transport the Equipment. All amounts earned in respect of the Equipment after the date of expiration of this Lease shall belong to the Lessee so long as the Lessee meets its obligations in the next following sentence. In the event any Item of Equipment is not assembled, delivered in the required condition and stored as hereinabove provided on the date of expiration of this Lease, the Lessee shall pay to the Owner-Trustee, for the first 30 days thereafter, an amount equal to the amount, if any, by which the daily equivalent of the Fixed Rent payable over the Term, and for each day thereafter an amount equal to the amount, if any, by which 125% of the Fair Rental Value (determined in the manner provided in Section 18 hereof), in each case for such Item for each such day of non-compliance with the above requirement exceeds the amount, if any, received by the Owner-Trustee (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence. For the purpose of terminating any obligation

of the Lessee to pay the amount provided in the preceding sentence with respect to any Item, but not for the purpose of determining whether such Item complies with the return condition required by this Section 13, an Item shall be considered to have been returned when either delivered or placed in storage as aforesaid in a condition which Lessee reasonably determines to be suitable for use as originally designed and intended in interchange service in accordance with the Interchange Rules.

SECTION 14. DEFAULT.

14.1. Events of Default. Any of the following events shall constitute an Event of Default hereunder:

(a) Default shall be made in the payment of any part of the Rent or Casualty Value provided in Section 2 or 11 hereof and such default shall continue for five (5) Business Days;

(b) The Lessee shall default in (i) the maintenance of the insurance coverage required by Section 11 hereof or (ii) the observance or performance of any covenant required to be observed or performed by the Lessee under Section 11 hereof and such default described in this clause (ii) shall continue for ten (10) days after written notice of such default from the Owner-Trustee;

(c) The Lessee shall make or permit any assignment or transfer of this Lease, or of possession of any Item of the Equipment, not permitted by this Lease, and the Lessee shall, in the case of any such assignment or transfer of possession of any Item of the Equipment made without its knowledge or consent, fail to secure a reassignment or retransfer of any such Item of the Equipment within ten (10) Business Days after written notice from the Owner-Trustee so demanding;

(d) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement, and such default shall continue for thirty (30) days after written notice from the Owner-Trustee to the Lessee, specifying the default and demanding the same to be remedied;

(e) Any representation or warranty made by the Lessee in any Lessee Agreement, or in any statement or certificate furnished to any Participant, the Owner-Trustee or the Security Trustee pursuant to or in connection with any Lessee Agreement (other than any such statement or certificate delivered in connection with the

Tax Indemnity Agreement) is untrue or incorrect in any material respect as of the date of issuance or making thereof;

(f) Final judgment or judgments for the payment of money aggregating in excess of \$500,000 shall be outstanding against the Lessee and such judgments have been outstanding for more than thirty (30) days from the date of its entry and have not been discharged in full or stayed;

(g) The Lessee (i) shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or (ii) shall consent to any such relief or to the appointment of or taking possession by any such official in any voluntary case or other proceeding commenced against it, or (iii) shall make a general assignment for the benefit of creditors, or (iv) shall fail generally to pay its debts as they become due, or (v) shall take any corporate action to authorize any of the foregoing; or

(h) An involuntary case or other proceeding shall be commenced against the Lessee seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) days.

14.2. Remedies. Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, the Owner-Trustee may, at its option, declare this Lease to be in default, and at any time thereafter, so long as the Lessee shall not have remedied all outstanding Events of Default, the Owner-Trustee may do one or more of the following as the Owner-Trustee in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof;

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Owner-Trustee may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Items of Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use such Items for any purpose whatever;

(c) Sell any Item of Equipment at public or private sale, as the Owner-Trustee may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such sale or for the proceeds thereof (except to the extent required by paragraph (f) below if the Owner-Trustee elects to exercise its rights' under said paragraph), in which event the Lessee's obligation to pay Fixed Rent with respect to such Item hereunder due for any periods subsequent to the date of such sale shall terminate (except to the extent that Fixed Rent is to be included in computations under paragraph (e) or (f) below if the Owner-Trustee elects to exercise its rights under either of said paragraphs);

(d) Hold, keep idle or lease to others any Item of Equipment or any part thereof, as the Owner-Trustee in its sole discretion may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds with respect thereto, except that the Lessee's obligation to pay Fixed Rent with respect to such Item due for any periods subsequent to the date upon which the Lessee shall have been deprived of use of such Item pursuant to this Section 14 shall be reduced (but not below zero for any Fixed Rent installment) by the net proceeds, if any, received by the Owner-Trustee from leasing such Item to any person other than the Lessee;

(e) Whether or not the Owner-Trustee shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a), (b), (c) or (d) above with respect to any Item of Equipment, the Owner-Trustee, by written notice to the Lessee specifying a payment date which shall be not earlier than ten (10) days after the date of such notice, may demand that the Lessee pay to the Owner-Trustee and the Lessee shall pay to the Owner-Trustee, on the payment date specified in such notice, as liquidated damages for loss of a bargain and

not as a penalty (in lieu of the Fixed Rent for such Item of Equipment due after the payment date specified in such notice), any unpaid Rent for such Item of Equipment due for periods prior to the payment date specified in such notice plus whichever of the following amounts the Owner-Trustee, in its sole discretion, shall specify in such notice (i) an amount equal to the difference between the present value of all future Fixed Rent for such Item and the present value of the Fair Rental Value (determined as hereafter in this Section 14 provided) of such Item or, if the Owner-Trustee has leased such Items to others pursuant to paragraph (d) above, for the period of such lease the rental payable thereunder, in each case for the remainder of the Base Term or then Renewal Term, as the case may be, as of the payment date specified in such notice, such present values, to be computed on the basis of a 6½% per annum rate of discount from the respective dates upon which such Rent would be paid, or (ii) an amount equal to the excess, if any, of the Casualty Value for such Item as of the Rent Payment Date next preceding the payment date specified in such notice or if such payment date occurs on a Rent Payment Date, then computed as of such Rent Payment Date, over the Fair Market Value of such Item (determined as hereafter in this Section 14 provided) as of the payment date specified in such notice;

(f) If the Owner-Trustee shall have sold any Item of Equipment pursuant to paragraph (c) above, the Owner-Trustee, in lieu of exercising its rights under paragraph (e) above with respect to such Item may, if it shall so elect, demand that the Lessee pay to the Owner-Trustee and the Lessee shall pay to the Owner-Trustee, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Fixed Rent for such Item due on Rent Payment Dates subsequent to the Rent Payment Date next preceding such sale), any unpaid Rent for such Item due for periods up to and including the Rent Payment Date next preceding the date of such sale and if that date is a Rent Payment Date, the Rent due on that date, plus the amount, if any, by which the Casualty Value of such Item computed as of the Rent Payment Date next preceding the date of such sale or if such sale occurs on a Rent Payment Date, then computed as of such Rent Payment Date, exceeds the net proceeds of such sale; and

(g) Whether or not the Owner-Trustee shall have exercised any of its rights under paragraph (e) above other than the right to sell any Item of Equipment, the Owner-Trustee may in lieu of exercising its rights under paragraph (e) above: (i) retain all Rent and additional

sums theretofore paid by the Lessee or received by the Owner-Trustee in respect of such Item including any such then in possession which, had this Lease not been declared in default, would otherwise be payable to the Lessee hereunder, (ii) may recover from the Lessee all Rent and additional sums accrued and unpaid under any of the terms hereof as of the date of the declaration of default, and (iii) may transfer title to such Item to the Lessee by quit-claim bill of sale and recover from the Lessee as liquidated damages for loss of a bargain, but not as a penalty (in lieu of the Fixed Rent for such Item on Rent Payment Dates subsequent to the date of the declaration of default) an aggregate sum equal to the present value of all Fixed Rent for such Item which would otherwise have accrued hereunder from the date of the declaration of default to the end of the Base Term or then Renewal Term, as the case may be, such present value to be computed on the basis of a 6½% per annum rate of discount, compounded semiannually, from the respective dates upon which such Fixed Rent would have been payable hereunder had this Lease not been terminated.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid Rent due hereunder before or during the exercise of any of the foregoing remedies and for all legal fees and other costs and expenses incurred by reason of the occurrence of any Default or Event of Default or the exercise of the Owner-Trustee's remedies with respect thereto, including without limitation the repayment in full of any costs and expenses necessary to be expended in repairing or modifying any Item in order to cause it to be in compliance with all maintenance and regulatory standards imposed by this Lease.

For purposes of this Section 14.2, the Fair Rental Value and Fair Market Value for any Item of Equipment shall be determined on the basis of an appraisal of an independent appraiser chosen by the Owner-Trustee, based upon the criteria for establishing Fair Market Value and Fair Rental Value set forth in Section 18.1 (but including the value which may be obtained from a used equipment dealer), and the cost of any such appraisal shall be borne by the Lessee.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Owner-Trustee shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the

rent payments due hereunder, and agrees to make the rent payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf in connection with the lease of the Equipment.

14.4. Owner-Trustee Failure to Exercise Rights. The failure of the Owner-Trustee to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

14.5. Notice of Event of Default. The Lessee also agrees to furnish to the Owner-Trustee, the Trustor and the Security Trustee, promptly upon any responsible officer becoming aware of any condition which constituted or constitutes a Default or an Event of Default under this Lease written notice specifying such condition and the nature and status thereof. For the purposes of this Section 14.5 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Owner-Trustee shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Owner-Trustee. For the purpose of delivering possession of any Item to the Owner-Trustee as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith deliver such Item to such storage location on the Lessee's lines as the Owner-Trustee shall reasonably designate;

(b) Permit the Owner-Trustee to store such Item at such location without charge for insurance, rent or storage until such Item has been sold, leased or otherwise disposed of by the Owner-Trustee, and during such period of storage the Lessee shall continue to maintain all insurance required by Section 11.1 hereof; and

(c) Transport such Item one time to any railroad interchange point on the Lessee's lines as the Owner-Trustee may direct in writing.

Each such Item will, when placed in storage, be in the condition required by the Interchange Rules to enable the same to be sold or leased to a third party for use in interchange service by such third party under a newly assigned reporting mark without further repair, rebuilding, modification, alteration, addition or improvement and Lessee agrees that no Item shall be considered to have been returned under this Section 15 until Lessee has returned such Item in such condition.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Owner-Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3. Owner-Trustee Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Owner-Trustee as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Owner-Trustee, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY WILMINGTON TRUST COMPANY.

(a) Right to Assign. Subject to the provisions of the Participation Agreement and the Trust Agreement, this Lease and all Rent and all other sums due or to become due hereunder may be assigned by the Owner-Trustee without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Owner-Trustee except upon written notice of such assignment from the Owner-Trustee. Upon notice to the Lessee of any such assignment, the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to or upon the written order of the assignee. Such notice is hereby given of the assignment of this Lease and all Rent and other payments to be made to the Owner-Trustee hereunder to the Security Trustee under and pursuant to the Security Agreement, and the Lessee agrees to make all payments of Rent in accordance with the provisions of Section 2.4.

(b) Obligation and Right of Assignee. Any assignee pursuant to this Section 16 shall not be obligated to perform any duty, covenant or condition required to be performed by the Owner-Trustee under any of the terms hereof, but on the contrary, the Lessee and the Owner-Trustee each acknowledge and agree that notwithstanding any such assignment each and all of such duties,

covenants or conditions required to be performed by the Owner-Trustee shall survive any such assignment and shall be and remain the sole liability of the Owner-Trustee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provision of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason or failure of or defect in the Owner-Trustee's title or the failure of the Owner-Trustee to afford the right of quiet enjoyment to the Lessee, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Owner-Trustee to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment, and (ii) all obligations of the Owner-Trustee to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Owner-Trustee. Notwithstanding any provision of this Lease to the contrary, the Lessee shall have the right to proceed against any assignee for any violation thereby of any rights of the Lessee hereunder.

(c) Amendments; Exercise of Rights and Remedies.

Unless and until the Lessee shall have received written notice from Security Trustee that the Lien of the Security Agreement has been released, the terms and provisions of Section 7.3 of the Security Agreement shall govern as to whether (i) the consent or agreement of either the Owner-Trustee or the Security Trustee, or both, shall be required in order to effect any amendment or modification of, or waive any requirements under this Lease, and (ii) the Owner-Trustee or the Security Trustee, or both, may exercise any right, privilege or remedy of the Owner-Trustee provided for in this Lease.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment; Sublease. So long as no Default or Event of Default shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of the Lease but, without the prior written consent of the Owner-Trustee, THE LESSEE SHALL NOT ASSIGN, TRANSFER OR ENCUMBER ITS LEASEHOLD INTEREST UNDER THIS LEASE IN ANY OF THE EQUIPMENT. The Lessee shall not, without the prior written consent of the Owner-Trustee, enter into any sublease with respect to, part with the possession or control of, or suffer or allow to pass out of its possession or control,

any Item of Equipment, except as provided in Section 17.2 or pursuant to a sublease (a "Permitted Sublease") which (a) shall be for a term not more than 180 days in any calendar year, and (b) shall expressly provide that the rights of any sublessee (a "Permitted Sublessee") who receives possession by reason of a Permitted Sublease shall be subject and subordinate to each and every term, condition and provision of this Lease, including, without limitation, the Owner-Trustee's right of repossession pursuant to Section 14 of this Lease and to terminate such sublease upon such repossession. The Lessee may from time to time request the delivery of written consent by the Owner-Trustee to a sublease not otherwise permitted by the terms of this Section 17.1. The Owner-Trustee will consider such request in good faith and will provide a reply within 90 days of receipt of such a request. In the event the Lessee shall so request a consent to a sublease (i) in which the proposed sublessee is a common carrier railroad, (ii) which is subordinate in the manner provided in clause (b) above, (iii) which is to be assigned as collateral security for the payment of Rent hereunder; provided that so long as no Default has occurred and is continuing, the Lessee may collect and retain the rentals under such sublease and (iv) which would not result in any loss of Assumed Tax Benefits (as defined in the Tax Indemnity Agreement), whether or not such loss shall be indemnified, the Owner-Trustee agrees not to unreasonably withhold its consent to such request. No sublease, whether or not a Permitted Sublease, shall in any way discharge or diminish any of the Lessee's obligations hereunder, and the Lessee shall remain primarily liable hereunder for the performance of all the terms, conditions and provisions of this Lease to the same extent as if such sublease had not occurred.

17.2. Use and Possession in Railroad Operations. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Equipment and to the use thereof upon the lines of railroad owned or operated by it, or upon lines of railroad over which the Lessee has trackage or other operating rights or over which equipment of the Lessee is regularly operated pursuant to contract or upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through or pooling agreements, but only upon and subject to all the terms and conditions of this Lease. Notwithstanding the foregoing, the Lessee shall at no time throughout the term of this Lease assign or permit the assignment of or permit any sublessee, whether or not a Permitted Sublessee, to assign or permit the assignment of, any Item of Equipment for use in service (including, without limitation, the regular operation or maintenance thereof) outside the continental United States and Canada.

17.3. Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under

this Lease in the Equipment or possession of the Equipment to any corporation into or with which the Lessee shall have become merged or consolidated or which shall have acquired all or substantially all of the property of the Lessee, and the Lessee may merge or consolidate with any other corporation or transfer all or substantially all of its property to any corporation provided that (a) such corporation shall be, effective upon such transfer, Canadian Pacific Limited or a corporation incorporated in any state of the United States or the District of Columbia which shall have all necessary authorizations and approvals to own and operate such assets and to which the provisions of §1168 of the Bankruptcy Code would be applicable upon the commencement of a reorganization proceeding with respect thereto under such Code and which shall have duly assumed in writing the obligations of the Lessee hereunder and under each other Operative Agreement, (b) immediately prior to and after giving effect to such transaction, no Default or Event of Default will have occurred and be continuing hereunder and (c) immediately after giving effect to such transaction the resulting corporation shall have a financial condition which, in the reasonable judgment of the Owner-Trustee, will not impair the ability of the surviving entity to perform the obligations of the Lessee hereunder and under the other Operative Agreements.

SECTION 18. OPTIONS TO RENEW AND PURCHASE.

18.1. Determination of Fair Market Value and Fair Rental Value. The Owner-Trustee and the Lessee shall promptly consult for the purpose of determining Fair Market Value and Fair Rental Value and any values agreed upon in writing shall constitute such Fair Market Value and Fair Rental Value. If the Owner-Trustee and the Lessee fail to agree upon such values within thirty (30) days after the need to determine the same, then they shall be promptly determined by the Appraisal Procedure. Such Fair Market Value and Fair Rental Value shall be determined on the basis of the value which would be obtained in an arms'-length transaction between an informed and willing buyer-user or lessee (other than a used equipment dealer) and an informed and willing seller or lessor under no compulsion to sell, buy or lease. Any such determination shall be made (i) on the assumption that the Equipment is in the condition and state of repair required by this Lease, including the return conditions specified in Section 13, (ii) as respects Fair Rental Value, on the basis of a lease, having terms and conditions (other than the amount of Rent and without any purchase or renewal options) similar to the terms and conditions of this Lease, and (iii) giving effect to the removal of any parts which remain the property of the Lessee under the provisions of Section 8 hereof. All costs and expenses of any Appraisal Procedure pursuant to this Section 18 shall be borne by the Lessee.

18.2. Option to Purchase. So long as no Default or Event of Default has occurred and is continuing, the Lessee shall have the right upon no more than twelve (12) and no less than six (6) months prior written notice to the Owner-Trustee and the Trustor, to purchase all, but not less than all, of the Equipment on the date of the expiration of the Base Term at a price equal to the lesser of (a) the Fair Market Value of the Equipment, determined in accordance with this Section 18, at the end of the Base Term, and (b) 75% of the Total Equipment Cost thereof.

18.3. Option to Renew. So long as no Default or Event of default shall have occurred and be continuing, the Lessee shall have the right upon no more than twelve (12) and no less than six (6) months prior written notice to the Owner-Trustee and the Trustor to renew this Lease with respect to all, but not less than all of the Equipment, for one Renewal Term of five (5) years, commencing at the expiration of the Base Term. All of the provisions of this Lease shall be applicable during the Renewal Term except that the Casualty Values shall be determined in accordance with this Section 18 and Fixed Rent shall be the Fair Rental Value of the Equipment for such Renewal Term, determined in accordance with this Section 18.

18.4. Casualty Value during Renewal Term. The Casualty Value as of the commencement of the Renewal Term shall be the Fair Market Value of the Equipment as of such date, and the Casualty Value as of the final day of the Renewal Term shall be the Fair Market Value of the Equipment as of such date (in each case determined in accordance with this Section 18), and on each Rent Payment Date between said dates, shall be determined on a straight-line basis between said values.

18.5. Delivery of Equipment. Unless the Lessee has elected to exercise its option to purchase the Items of Equipment then leased hereunder or to renew this Lease in respect of such Items of Equipment as provided in this Section 18, all of such Items of Equipment shall be returned to the Owner-Trustee at the end of the Base Term, or the Renewal Term, as the case may be, in accordance with Section 13 hereof.

SECTION 19. INTEREST ON OVERDUE RENTALS AND AMOUNT PAID BY
WILMINGTON TRUST COMPANY.

Anything to the contrary herein contained notwithstanding, any nonpayment of Rent or other sums due hereunder shall result in the additional obligation on the part of the Lessee to pay an amount equal to interest at the Late Rate on such overdue amounts for the period of time during which they were overdue and not paid.

SECTION 20. MISCELLANEOUS.

20.1. Notices. Any notice provided for in this Lease shall be in writing or by a telecommunications device capable of creating a written record, and shall be effective (a) upon personal delivery thereof, including, without limitation, by overnight mail and courier service, (b) five (5) days after being deposited in the United States mail, certified or registered, postage prepaid, return receipt requested, or, (c) in the case of notice by such a telecommunications device, when properly transmitted, addressed to each party at the following addresses:

If to the Owner-Trustee:

Wilmington Trust Company, as Trustee
under Soo Line Trust No. 89-1
Rodney Square North
Wilmington, Delaware 19890
Attention: Corporate Trust
Administration
Fax No.: (302) 651-8464
Confirmation No.: (302) 651-8355

If to the Trustor:

Columbia Willamette Leasing, Inc.
c/o Portland General Corporation
One World Trade Center
121 S.W. Salmon Street
Portland, Oregon 97204
Attention: Vice President and General Manager
Fax No.: (503) 464-2626

with a copy to:

GATX Leasing Corporation
Four Embarcadero Center
San Francisco, California 94111
Attention: Contracts Administration Department
Fax No.: (415) 955-3415 or 16

All payments to be made to the Trustor
under the Operative Agreements
by wire transfer of immediately
available funds to:

United States National Bank of Oregon
321 Southwest 6th Street
Portland, Oregon 97204
ABA #123000220
For credit to:
Columbia Willamette Leasing, Inc.
Account No. 010-0109-685
Reference: Soo Line Trust No. 89-1

If to the Security
Trustee:

The Connecticut Bank and Trust Company,
National Association
One Constitution Plaza
Hartford, Connecticut 06115
Attention: Corporate Trust Department
Fax No.: (203) 244-6999

If to the Lessee:

Soo Line Railroad Company
P.O. Box 530 (55440)
105 So. Fifth Street
Minneapolis, Minnesota 55402
Attention: Chief Financial Officer
Fax No.: (612) 347-8059

or as to any of the foregoing parties at such other address as
such party may designate by notice duly given in accordance with
this Section to the other parties.

20.2. Right of Owner-Trustee to Perform. If the Lessee
shall fail to comply with any of its covenants herein contained,
the Owner-Trustee or the Trustor may, but shall not be obligated
to, make advances to perform the same and to take all such action
as may be necessary to obtain such performance, subject to Section
7 of the Security Agreement. Any payment so made by any such
party and all costs and expenses (including, without limitation,
reasonable attorneys' fees and expenses) incurred in connection
therewith shall be payable by the Lessee to the party making the
same upon demand as Additional Rent hereunder, with interest
thereon at the Late Rate. No such action shall be deemed a
repossession of any of the Equipment, and no such advance,
performance or other act shall be deemed to relieve the Lessee
from any default hereunder.

20.3. No Waiver. No delay or omission to exercise any right, power or remedy accruing to the Owner-Trustee upon any breach or default by the Lessee under this Lease shall impair any such right, power or remedy of the Owner-Trustee, nor shall any such delay or omission be construed as a waiver of any breach or default, or of any similar breach or default hereafter occurring; nor shall any waiver of a single breach or default be deemed a waiver of any subsequent breach or default. All waivers under this Lease must be in writing, but any breach or default, once waived in writing, shall not be deemed to be continuing for any purpose of the Operative Agreements. All remedies either under this Lease or by law afforded to the Owner-Trustee shall be cumulative and not alternative.

20.4. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument; provided, however, that to the extent that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code) no security interest in this Lease may be created through the transfer or possession of any counterpart hereof other than the counterpart bearing the receipt therefor executed by the Security Trustee on the signature page hereof which counterpart shall constitute the only "original" hereof for purposes of the Uniform Commercial Code.

20.5. Law Governing. This Lease shall be construed in accordance with the internal laws and decisions (as opposed to conflicts of law provisions) of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.

20.6. Currency. All amounts and moneys referred to in this Lease shall be construed to mean money which at the time is lawful money of the United States of America.

20.7. Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

20.8. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be as to such jurisdiction ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

20.9. True Lease. It is the intent of the parties to this Lease that it will be a true lease and not a "conditional sale" and that the Owner-Trustee shall at all times be considered to be the owner of the Equipment which is the subject of this Lease for the purposes of all federal, state, city and local income taxes or for franchise taxes measured by net income, and that this Lease conveys to the Lessee no right, title or interest in the Equipment except as lessee.

20.10. Limitations of Liability. It is expressly understood and agreed by and between the Owner-Trustee and the Lessee and their respective successors and assigns that this Lease is executed by Wilmington Trust Company, not individually or personally but solely as Owner-Trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such Owner-Trustee, that each and all of the representations, warranties, undertakings and agreements herein made on the part of the Owner-Trustee are each and every one of them made and intended not as personal representations, warranties, undertakings and agreements by Wilmington Trust Company or the Trustor, or for the purpose or with the intention of binding Wilmington Trust Company or the Trustor personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Trust Agreement, that this Lease is executed and delivered by Wilmington Trust Company solely in the exercise of the powers expressly conferred upon Wilmington Trust Company as trustee under the Trust Agreement, that actions taken by the Owner-Trustee pursuant to its obligations hereunder may, in certain instances, be taken by the Owner-Trustee only upon specific authority of the Trustor, that nothing herein contained shall be construed as creating any liability of Wilmington Trust Company or the Trustor, individually or personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, Wilmington Trust Company or the Trustor, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Lessee, and that so far as Owner-Trustee or the Trustor, individually or personally is concerned, the Lessee and any person claiming by, through or under the Lessee shall look solely to the Trust Estate as defined under this Lease; provided, that nothing in this Section 20.9 shall be construed to limit in scope or substance those representations, warranties and covenants of Wilmington Trust Company made expressly in its individual capacity set forth in the Participation Agreement and the Security Agreement or to release the Wilmington Trust Company from liability in its individual capacity for wilful misconduct or gross negligence (or with respect to the handling of funds, for liability with respect to failure to exercise ordinary care) or the representations, warranties and covenants of the Trustor in the Participation Agreement. The term "Owner-Trustee" as used in this Lease shall include any trustee succeeding Wilmington Trust Company as Trustee

under the Trust Agreement or the Trustor if the trust created thereby is revoked. Any obligation of the Owner-Trustee hereunder may be performed by the Trustor, and any such performance shall not be construed as revocation of the trust created by the Trust Agreement. Nothing contained in this Lease shall restrict the operation of the provisions of the Trust Agreement with respect to its revocation or the resignation or removal of the Trustee thereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized as of the day and year first above written.

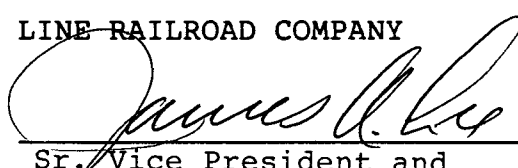
WILMINGTON TRUST COMPANY,
not in its individual
capacity but solely
as Trustee under Soo Line
Trust No. 89-1

By: _____
Its _____



SOO LINE RAILROAD COMPANY

By: _____
Its _____



Sr. Vice President and
Chief Financial Officer

Soo Line Trust No. 89-1

[Form of Security Trustee's receipt to appear only in
"original" counterpart for purposes of Section 20.4.]

Receipt of this original counterpart of the foregoing
Lease is hereby acknowledged this ____ day of December, 1989.

THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIATION

By: _____
Its _____

STATE OF Illinois)
COUNTY OF Cook) SS:

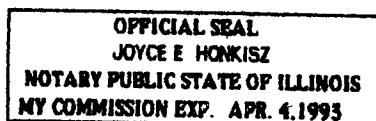
On this 28th day of December, 1989, before me personally appeared William B. Soudent to me personally known, who being duly sworn, says that he is a(n) Vice President of WILMINGTON TRUST COMPANY, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the forgoing instrument was the free act and deed of said corporation.

Joyce E. Honkisz
Notary Public

[NOTARIAL SEAL]

My Commission Expires

April 4, 1993



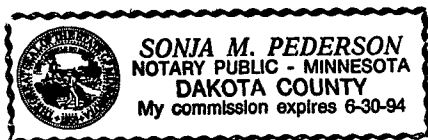
STATE OF MINNESOTA)
COUNTY OF HENNEPIN) SS:

On this 27th day of December, 1989, before me personally appeared James A. Lee, to me personally known, who being duly sworn, says that he is a(n) Sr. Vice President and Chief Financial Officer of SOO LINE RAILROAD COMPANY, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the forgoing instrument was the free act and deed of said corporation.

Sonja M. Pederson
Notary Public

[NOTARIAL SEAL]

My Commission Expires



SCHEDULE A

172 4,000 cu. ft. open top hopper cars, bearing Soo road numbers:

SOO 61963 through 62127 (both inclusive)

SOO 62129

SOO 62130

SOO 62150

SOO 62152

SOO 62153

SOO 62186

SOO 62283

128 4,000 cu. ft. open top hopper cars, bearing Soo road numbers:

SOO 62132 through 62149 (both inclusive)

SOO 62151

SOO 62154

SOO 62155

SOO 62157 through 62165 (both inclusive)

SOO 62174 through 62185 (both inclusive)

SOO 62187 through 62189 (both inclusive)

SOO 62201 through 62203 (both inclusive)

SOO 62212 through 62257 (both inclusive)

SOO 62264 through 62282 (both inclusive)

SOO 62284 through 62298 (both inclusive)

PRICING ASSUMPTIONS

Equipment Settlements

First Equipment Closing Date
to be December 29, 1989
covering 175 Items having an
aggregate Equipment Cost of
\$7,000,000

Second Equipment Closing Date
to be January 5, 1990 covering
125 Items having an aggregate
Equipment Cost of \$5,000,000

Base Term Commencement Date

June 28, 1990

Debt Rate

9.66%

Leverage

78.484511305%

Base Term

Ending June 28, 2005

Interim Interest
Payment Date

June 28, 1990

Interim Interest Rate

9.66%

Transaction Expenses

Zero

Equipment Cost Per Item:

\$40,000

Equipment:

300 Items as described in
Schedule A

Effective Tax Law:

No applicable changes to Code,
Regulations or Guidelines as in
effect on December 1, 1989 to
be enacted or effected on or
prior to Base Term Commencement
Date

Effective Accounting Treatment:

No applicable changes in
generally accepted accounting
principles as in effect on
December 1, 1989 to be effected
on or prior to Base Term
Commencement Date

Other Assumptions

As set forth in the
December 11, 1989 GATX Leasing
Corporation Commitment Letter,
including those related to
"Foreign Use" and "Assumed Tax
Benefits".

(Soo Line Trust No. 89-1)

LEASE SUPPLEMENT NO. _

This LEASE SUPPLEMENT NO. __, dated _____, between Wilmington Trust Company, a Delaware banking corporation, not individually but solely as trustee (the "Owner-Trustee") under the Trust Agreement establishing Soo Line Trust No. 89-1, and Soo Line Railroad Company, a Minnesota corporation (the "Lessee");

W I T N E S S E T H:

The Owner-Trustee and the Lessee have heretofore entered into that certain Lease Agreement dated as of December 15, 1989 (the "Lease"). The terms used herein have the meanings specified in the Lease.

The Lease provides for the execution and delivery of a Lease Supplement substantially in the form hereof.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, the Owner-Trustee and the Lessee hereby agree as follows

1. The Lessee hereby acknowledges and confirms that it has inspected and approved the Items of Equipment described on Schedule I hereto and on the date hereof such Items of Equipment are hereby unconditionally accepted by the Lessee and are leased under the Lease from and after the date hereof, each such Item being a 100-ton 4000 cf Open-Top Hopper Car manufactured by Trinity Industries, Inc., and having an Equipment Cost of \$40,014.67. The Lessee represents and warrants that such Items of Equipment are free and clear of all liens, claims and encumbrances except the Lien of the Security Agreement and except any Liens which may have been created by the Owner-Trustee. The Lessee certifies that the foregoing Items of Equipment are in good order and condition, and conform to the specifications applicable thereto, that the Lessee has no knowledge of any defect in any of the foregoing Items of Equipment with respect to design, manufacture or condition or in any other respect, and that each such Item is labeled by means of a plate or a stencil printed in contrasting colors upon each side of the Item in letters not less than one inch in height as follows

"Ownership Subject to a Security Agreement Filed with the Interstate Commerce Commission."

2. The date of delivery and acceptance of the above described Items of Equipment is the date of this Lease Supplement set forth in the opening paragraph hereof.

3. The Total Equipment Cost for the above described Items of Equipment is \$40,014.67.

EXHIBIT A
(to Equipment Lease)

4. The execution of this Lease Supplement will in no way relieve or decrease the responsibility of the Manufacturer for the warranties it has made with respect to the Equipment.

5. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Lease Supplement may refer to the "Lease Agreement dated as of December 15, 1989", the "Lease dated as of December 15, 1989" or the "Equipment Lease dated as of December 15, 1989," or may identify the Lease in any other respect without making specific reference to this Lease Supplement, but nevertheless all such references shall be deemed to include this Lease Supplement unless the context shall otherwise require.

6. This Lease Supplement shall be construed in connection with and as part of the Lease, and all terms, conditions and covenants contained in the Lease, except as herein modified, shall be and remain in full force and effect.

7. This Lease Supplement may be executed in any number of counterparts, each executed counterpart constituting an original but all together one and the same instrument.

8. There has been no prepayment of Rent.

IN WITNESS WHEREOF, the Owner-Trustee and the Lessee have caused this Lease Supplement to be duly executed as of the day and year first above written and to be delivered as of the date first above written.

WILMINGTON TRUST COMPANY, not
individually but solely as
Trustee under Soo Line Trust
No. 89-1

By: _____
Its: _____

SOO LINE RAILROAD COMPANY

By: _____
Its: _____

This Lease Supplement and the Lease referred to herein and the rentals and other sums due and to become due hereunder and thereunder have been assigned to and are subject to a security interest in favor of The Connecticut Bank and Trust Company, National Association, as Security Trustee under an Equipment Trust and Security Agreement dated as of December 15, 1989 between said Security Trustee and the Owner-Trustee hereunder, as Debtor. Information concerning such security interest may be obtained from the Security Trustee at its address set forth in Section 20.1 of said Lease.

LEASE SUPPLEMENT NO. _

This LEASE SUPPLEMENT NO. _ , dated _____, between Wilmington Trust Company, a Delaware banking corporation, not individually but solely as trustee (the "Owner-Trustee") under the Trust Agreement establishing Soo Line Trust No. 89-1, and Soo Line Railroad Company, a Minnesota corporation (the "Lessee");

W I T N E S S E T H:

The Owner-Trustee and the Lessee have heretofore entered into that certain Lease Agreement dated as of December 15, 1989 (the "Lease"). The terms used herein have the meanings specified in the Lease.

The Lease provides for the execution and delivery of a Lease Supplement substantially in the form hereof for the purpose of evidencing the Fixed Rent and Casualty Values payable for the Items of Equipment which shall from time to time become subject to the Lease.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, the Owner-Trustee and the Lessee hereby agree as follows:

1. The Fixed Rent payable with respect to each Item of Equipment on each Rent Payment Date is set forth in Schedule 1 hereto.

2. The Casualty Value for each Item of Equipment as of each Rent Payment Date is set forth in Schedule 2 hereto.

IN WITNESS WHEREOF, the Owner-Trustee and the Lessee have caused this Lease Supplement to be duly executed as of the day and year first above written and to be delivered as of the date first above written.

WILMINGTON TRUST COMPANY, not
individually but solely as
Trustee under Soo Line Trust
No. 89-1

By: _____
Its: _____

SOO LINE RAILROAD COMPANY

By: _____
Its: _____

This Lease Supplement and the Lease referred to herein and the rentals and other sums due and to become due hereunder and thereunder have been assigned to and are subject to a security interest in favor of The Connecticut Bank and Trust Company, National Association, as Security Trustee under an Equipment Trust and Security Agreement dated as of December 15, 1989 between said Security Trustee and the Owner-Trustee hereunder, as Debtor. Information concerning such security interest may be obtained from the Security Trustee at its address set forth in Section 20.1 of said Lease.

DEFINITIONS

Re: SOO LINE TRUST NO. 89-1
Annex 1

DEFINITIONS

Re: SOO LINE TRUST NO. 89-1

General Provisions

The following terms shall have the following meanings for all purposes of the Operative Agreements referred to below, unless otherwise defined in an Operative Agreement or the context thereof shall otherwise require. In the case of any conflict between the provisions of this Definition Annex and the provisions of the main body of any Operative Agreement, the provisions of the main body of such Operative Agreement shall control the construction of such Operative Agreement.

Unless the context otherwise requires, (i) references to agreements shall be deemed to mean and include such agreements as the same may be amended and supplemented from time to time, and (ii) references to parties to agreements shall be deemed to include the successors and permitted assigns of such parties.

Defined Terms

"Additional Rent" shall mean all amounts, liabilities and obligations (other than Interim Rent and Fixed Rent) which the Lessee is obligated to pay under the Lease or the Participation Agreement, including, but not limited to, Casualty Value payments, and amounts, if any, payable, under Section 2.6 of the Participation Agreement (to the extent such payment does not give rise to a rental adjustment under Section 2.3 of the Lease) by the Lessee.

"Appraisal Procedure" shall mean the following procedure for determining the Fair Market Value or the Fair Rental Value, as the case may be, of any property. If either party to the Lease shall have given written notice to the other party requesting determination of such value by the Appraisal Procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within fifteen (15) days after such notice is given, each party shall appoint a qualified independent appraiser within twenty (20) days after such notice is given. If one party appoints an appraiser pursuant to the preceding sentence, the appraisal shall be made by such appraiser if the other party fails to appoint a second appraiser within the applicable time limit. If both parties appoint appraisers, the two appraisers so appointed shall within thirty (30) days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within thirty (30) days after such notice is given, either party may apply to the American Arbitration Association to

make such appointment, and both parties shall be bound by any such appointment. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine one or more of the Fair Market Value or the Fair Rental Value of such property within twenty (20) days after its or their appointment. If the parties shall have appointed a single appraiser, its determination of values shall be final. If three appraisers shall be appointed, the values determined by the three appraisers shall be averaged, the determination which differs most from such average shall be excluded, the remaining two determinations shall be averaged and such average shall be final.

"Assigned Agreements" shall mean the Lease Agreement and all of the other agreements referred to in Section 1.3 of the Security Agreement.

"Bankruptcy Code" shall mean the Bankruptcy Code of 1978 as amended from time to time, 11 U.S.C. §101 et seq.

"Base Term" shall have the meaning specified in Section 3 of the Lease.

"Base Term Commencement Date" shall have the meaning specified in Section 2.1 of the Lease.

"Beneficial Interest" shall mean the interest of the Trustor under the Trust Agreement.

"Bills of Sale" shall have the meaning specified in Sections 4.1(h) and (i) of the Participation Agreement.

"Business Day" shall mean any day other than a Saturday, Sunday or day on which banks in the states of Minnesota, Oregon, Connecticut or Delaware are authorized or permitted to be closed.

"Casualty Occurrence" shall have the meaning specified in Section 11.2 of the Lease.

"Casualty Value" shall mean during the Interim Term and the Base Term the amount determined in accordance with a Lease Supplement substantially in the form of Exhibit B to the Lease, and during the Renewal Term, the amount determined in accordance with Section 18 of the Lease.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" shall have the meaning specified in Section 1 of the Security Agreement.

"Default" under the Lease shall mean any event which would constitute an Event of Default under the Lease if any

requirement in connection therewith for the giving of notice or the lapse of time, or both, had been satisfied.

"Default" under the Security Agreement shall mean any event which would constitute an Event of Default under the Security Agreement if any requirement in connection therewith for the giving of notice, or the lapse of time, or both, had been satisfied.

"Delayed Delivery Date" shall have the meaning specified in Section 2.3(b) of the Participation Agreement.

"Delivery Date" shall have the meaning specified in Section 2.3(a) of the Participation Agreement.

The term "employee benefit plan" has the meaning specified in Section 3 of ERISA.

"Enforcement Date" shall have the meaning specified in Section 7.3(a) of the Security Agreement.

"Equipment" shall mean collectively those items of railroad rolling stock described in Schedule A to the Lease, together with any and all accessions, additions, improvements and replacements from time to time incorporated or installed on any item thereof which are the property of the Owner-Trustee pursuant to the terms of the Lease, and "Item" or "Item of Equipment" shall mean individually the various items thereof.

"Equipment Closing Date" is defined in Section 2.3 of the Participation Agreement.

"Equipment Cost" shall mean, for each Item of Equipment, \$40,014.67.

"Equipment Lease" or "Equipment Lease Agreement" - See "Lease."

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, or any successor law.

"Event of Default" under the Lease is defined in Section 14 thereof.

"Event of Default" under the Security Agreement is defined in Section 7.1 thereof.

"Excepted Rights in Collateral" shall mean the following described properties, rights, interests and privileges:

(a) the right of the Owner-Trustee or the Trustor to assent to a Permitted Contest under the Lease but not

to the exclusion of any other affected Indemnified Parties;

(b) all payments of any indemnity under the Tax Indemnity Agreement, Section 6 of the Lease or Section 7 of the Participation Agreement which by the terms thereof are payable to the Owner-Trustee (in its individual or trust capacities) or the Trustor for its own account;

(c) any insurance proceeds payable under general public liability policies maintained by the Lessee pursuant to Section 11 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to the Owner-Trustee (in its individual or trust capacities) or the Trustor for its own account;

(d) all rights of the Owner-Trustee or the Trustor under the Lease to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Owner-Trustee or the Trustor on account of any such indemnities or payments referred to in paragraph (b) above and to seek legal or equitable remedies to require the Lessee to maintain the insurance coverage referred to in paragraph (c) above;

(e) if an Event of Default under the Lease based solely on a breach of any covenant of the Lessee to pay any indemnity referred to in paragraph (b) above or to maintain any insurance referred to in paragraph (c) above shall occur and be continuing, the right of the Owner-Trustee or the Trustor to exercise the remedies, but only those remedies, provided for in Section 14.2(a) of the Lease, to enforce performance by the Lessee of any covenants of the Lessee to pay any such indemnity or payment directly to the Owner-Trustee or the Trustor or to maintain such insurance or recover damages for the breach of any such covenant;

provided that in all events, the rights described in clauses (d) and (e) above shall be limited in the manner provided in the final paragraph of Section 7.3 of the Security Agreement.

"Fair Market Value" shall mean with respect to the Equipment or any Item thereof, the fair market sales value of the Equipment or such Item, determined in accordance with Section 14 or Section 18 of the Lease, as the case may be.

"Fair Rental Value" shall mean with respect to the Equipment or any Item thereof, the fair market rental value of the Equipment or such Item, determined in accordance with Section 14 or Section 18 of the Lease, as the case may be.

"Fixed Rent" shall mean all rent payable pursuant to Section 2.1(b) of the Lease for the Base Term and all Rent payable pursuant to Section 18 of the Lease for the Renewal Term, if any.

"Guidelines" shall mean the guidelines set forth in Revenue Procedure 75-21, 1975-1 C.B. 715, as further set forth in Revenue Procedure 75-28, 1975-1 C.B. 752, and as modified in Revenue Procedure 76-30, 1976-2 C.B. 647 and Revenue Procedure 79-48, 1979-2 C.B. 529 that are applied by the Internal Revenue Service in determining, for advance ruling purposes, whether leveraged lease transactions (other than transactions which are treated as leases pursuant to Section 168(f)(8) of the Code) are leases for federal income tax purposes.

"Indemnified Parties" shall mean the Participants, the Owner-Trustee (in its individual or trust capacities), the Trust Estate and the Security Trustee, and successors, assigns, agents, servants, officers and employees of each of the foregoing.

"Interchange Rules" shall have the meaning specified in Section 7 of the Lease.

"Interest" shall mean the Beneficial Interest or a Note, individually, and "Interests" shall mean the Beneficial Interest and the Notes, collectively.

"Interim Rent" shall have the meaning specified in Section 2.1(a) of the Lease.

"Interim Term" shall have the meaning specified in Section 3 of the Lease.

"Item of Equipment" or "Item" shall mean each item of the Equipment.

"Late Rate" shall mean interest at the annual rate equal to the lesser of (a) the highest rate permitted by applicable law and (b) 12%.

"Lease" or "Lease Agreement" or "Equipment Lease" shall mean the Equipment Lease Agreement dated as of December 15, 1989 between the Owner-Trustee, as lessor, and the Lessee, as lessee as amended or supplemented from time to time.

"Lease Supplement" shall mean the Lease Supplement, substantially in the form of Exhibit A to the Lease, entered into between the Lessor and the Lessee, covering the Equipment.

"Lessee" shall mean Soo Line Railroad Company, a Minnesota corporation, and any corporation which succeeds thereto by merger or consolidation or which acquires all or substantially all of the assets thereof.

"Lessee Agreements" shall mean the Operative Agreements to which the Lessee is a party.

"Lien" shall mean any mortgage, pledge, security interest, lien, encumbrance or other charge of any kind on property.

"Loan Value" shall have the meaning set forth in Section 5.1(c) of the Security Agreement.

"Macaulay Duration" shall mean with respect to any Note, the number obtained by dividing the Present Value of the Outstanding Dollar Years of such Note at the time of determination by the present value of the outstanding required payments of principal and interest on such Note at the time of determination. The original yield to maturity on such Note will serve as the discount rate (which shall be compounded on the same periodic basis as scheduled interest payments on such Note) for purposes of calculating the present value of the outstanding required payments of principal and interest on such Note.

"Manufacturer" shall mean Trinity Industries, Inc.

"Net Economic Return" shall have the meaning specified in Section 2.3 of the Lease Agreement.

"Noteholder" shall mean the holder of any Note issued and outstanding under the Security Agreement.

"Note Purchaser" shall mean each Note Purchaser named in the Participation Agreement and its respective successors and assigns, including successive holders of the Notes.

"Notes" shall mean the 9.66% Secured Notes due June 28, 2005 of the Owner-Trustee substantially in the form attached to the Security Agreement.

"Officer's Certificate" shall mean a certificate signed in the case of a corporation by the Chairman of the Board, the President or any Vice President, the Treasurer or an Assistant Treasurer of such corporation, in the case of a partnership by the Chairman of the Board, the President or any Vice President, the Treasurer or an Assistant Treasurer of a corporate general partner, and in the case of a commercial bank or trust company, the Chairman or Vice Chairman of the

Executive Committee of the Treasurer, any Trust Officer, any Vice President, any Executive or Senior or Second or Assistant Vice President, or any other officer or assistant officer customarily performing the functions similar to those performed by the Persons who at the time shall be such officers, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Operative Agreements" shall mean and include the Participation Agreement, the Bills of Sale, the Trust Agreement, the Lease, the Notes outstanding at the time of reference, the Security Agreement and the Tax Indemnity Agreement.

"Order Note" shall mean any note issued pursuant to the Security Agreement as an unregistered Note transferable by endorsement and delivery.

"Owner-Trustee" shall mean Wilmington Trust Company not in its individual capacity but solely in its capacity as trustee under the Trust Agreement and its successors in trust thereunder.

"Owner-Trustee Agreements" shall mean the Operative Agreements to which Wilmington Trust Company, either in its individual or fiduciary capacity, is a party.

"Participants" shall mean the Note Purchasers and the Trustor.

"Participation Agreement" shall mean the Participation Agreement dated as of December 15, 1989, among the Lessee, the Participants, the Owner-Trustee and the Security Trustee.

"Permitted Contest" shall mean a good-faith contest which each Indemnified Party determines will be conducted in a manner so as to prevent the imposition of any criminal penalty on, or adverse effect on the title, property or right of, such Indemnified Party, of the legality or validity of any of the taxes, assessments, levies, fees or other governmental charges, or other claims, Liens or impositions which, under the terms of the Lease, are required to be paid or discharged by the Lessee or the Lessor, as the case may be, but for such contest.

"Permitted Encumbrances" with respect to the Equipment and each Item thereof, shall mean (i) the interest of the Lessee and the Owner-Trustee, respectively, under the Lease; (ii) any Liens thereon for taxes, assessments, levies, fees and other governmental and similar charges not due and

payable or the amount or validity of which is being contested by a Permitted Contest; (iii) any Liens of mechanics, suppliers, materialmen and laborers for work or services performed or materials furnished in connection with the Equipment or any Item thereof which are not due and payable or the amount or validity of which is being contested by a Permitted Contest; and (iv) the Lien and security interest granted to the Security Trustee under and pursuant to the Security Agreement.

"Permitted Sublease" and "Permitted Sublessee" shall have the meanings specified in Section 17.1 of the Lease.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

"Present Value of the Outstanding Dollar Years" shall mean with respect to any Note, the product obtained by (1) multiplying (A) the present value of each remaining required principal and interest payment (including repayment of principal at final maturity) of such Note, by (B) the number of years (calculated to the nearest one-twelfth) which will elapse between the time of determination and the date such required principal or interest payment is due, and (2) totaling all of the products obtained in (1). The original yield to maturity on such Note will serve as the discount rate (which shall be compounded on the same periodic basis as scheduled interest payments on such Note) for purposes of calculating the present value of the outstanding required principal and interest payments of such Note.

"Pricing Assumptions" shall have the meaning specified in Section 2.3 of the Lease.

"Prime Rate" shall mean the rate announced from time to time by The Chase Manhattan Bank, N.A. as its prime rate. The "Prime Rate" is one of several base rates used by The Chase Manhattan Bank, N.A. that serve as a basis upon which effective rates of interest are calculated for loans making references thereto and may not be the lowest of The Chase Manhattan Bank, N.A.'s rates.

"Register" shall mean the register caused to be kept by the Owner-Trustee at the principal office of the Security Trustee for the purpose of recording the registration and transfer of the Notes.

"Registered Note" shall mean any fully registered Note issued pursuant to the Security Agreement.

TABLE OF CONTENTS

(Not a part of the Agreement)

<u>Section</u>	<u>Heading</u>	<u>Page</u>
General Provisions.....		1
Defined Terms.....		1

"Regulations" shall mean the income tax regulations issued, published or promulgated under the Code.

"Renewal Term" shall mean any term in respect of which the Lessee shall have exercised its option to renew the Lease pursuant to Section 18 thereof.

"Rent" shall mean all Interim Rent, Fixed Rent and Additional Rent.

"Rent Payment Dates" shall mean June 28, 1990 and the twenty-eighth day of each December and June thereafter throughout, and including the final day of, the Term of the Lease.

"Secured Indebtedness" shall mean the outstanding Notes and all principal thereof (and premium, if any) and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Owner-Trustee under the terms of the outstanding Notes or the Security Agreement.

"Security" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

"Security Agreement" shall mean the Equipment Trust and Security Agreement dated as of December 15, 1989 between the Owner-Trustee, as debtor, and the Security Trustee, as secured party as amended or supplemented from time to time.

"Security Agreement Supplement" shall mean the Security Agreement-Trust Deed Supplement, substantially in the form of Exhibit B to the Security Agreement, entered into between the Owner-Trustee and the Security Trustee, covering the Equipment.

"Security Trustee" shall mean The Connecticut Bank and Trust Company, National Association and its successors in trust as security trustee under the Security Agreement.

The term "separate account" shall have the meaning specified in Section 3 of ERISA.

"Subsidiary" shall mean any corporation, trust or association of which more than 50% (by number of votes) of the Voting Stock at the time outstanding shall at the time be owned, directly or indirectly, by the Lessee or by any other corporation, association or trust which is itself a Subsidiary within the meaning of this definition, or collectively by the Lessee and any one or more such Subsidiaries.

"Tax Indemnity Agreement" shall mean the Income Tax Indemnification Agreement dated as of December 15, 1989 between the Lessee and Trustor.

"Term" shall mean the full term of the Lease, including the Interim Term, the Base Term and any Renewal Term, subject to the provisions of Sections 11 and 14 of the Lease.

"Total Equipment Cost" shall mean the sum of the Equipment Cost for each item of Equipment.

"Trust" shall have the meaning specified in the Trust Agreement.

"Trust Agreement" shall mean the Trust Agreement dated as of December 15, 1989 between the Trustor and Wilmington Trust Company.

"Trust Estate" shall mean all the estate, right, title and interest of the Owner-Trustee in, to and under the Equipment and the Operative Agreements including, without limitation, all funds advanced to the Owner-Trustee by the Trustor, all proceeds from the sale of the Notes, all installments and other payments of Rent, insurance proceeds, Casualty Values, condemnation awards, purchase price and sale proceeds, and all other proceeds of any kind for or with respect to the Equipment and the Operative Agreements.

"Trustor" shall mean Columbia Willamette Leasing, Inc. an Oregon corporation, and its successors and permitted assigns of its Beneficial Interest.

"Trustor Agreements" shall mean the Operative Agreements to which the Trustor is a party.

"Voting Stock" shall mean Securities of any class or classes of a corporation, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or persons performing similar functions).